



PUBLIC NOTICE

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**DOMESTIC SECTION 214 APPLICATION GRANTED FOR THE TRANSFER
OF CONTROL OF INMATE CALLING SOLUTIONS, LLC
D/B/A ICSOLUTIONS TO TKC HOLDINGS, INC.**

WC Docket No. 16-188

Inmate Calling Solutions, LLC d/b/a ICSolutions (ICSolutions or Transferor), Centric Group, L.L.C. (Centric), and TKC Holdings, Inc. (TKC or Transferee) (collectively, Applicants) filed an application pursuant to section 214 of the Communications Act of 1934, as amended, and section 63.03 of the Commission's rules, requesting consent to transfer control of ICSolutions from Centric to TKC.¹ The Wireline Competition Bureau (Bureau) has determined that grant of this Application serves the public interest, and accordingly the Application is granted as stated herein.

ICSolutions is a telecommunications services provider authorized to provide service in all states except Alaska, the District of Columbia, Delaware, Hawaii, and Vermont.² Applicants state that ICSolutions currently contracts with correctional facilities in 38 states.³ It focuses on providing inmate calling services (ICS).⁴ Applicants further state that Keefe Group, LLC (Keefe), a Missouri limited liability company that provides commissary services and products to correctional markets, holds 100 percent of ICSolutions. Post-closing, Keefe will be a wholly owned direct subsidiary of TKC, a Delaware corporation, which is indirectly controlled by H.I.G. Capital, a U.S.-based private equity investment firm. H.I.G. Capital is ultimately controlled by Sami Mnaymneh and Anthony Tamer, both U.S. citizens.⁵

We received one comment addressing the transaction from Securus Technologies, Inc. (Securus). Securus states that it take no position on the merits of the Application but asserts that "should the Commission grant the application, it should include an express condition that the transferee immediately

¹ See 47 CFR § 63.03; 47 U.S.C. § 214; Joint International and Domestic Section 214 Application to Transfer Control of Inmate Calling Solutions, LLC d/b/a ICSolutions, WC Docket No. 16-188 (filed June 9, 2016) (Application). Applicants also filed applications for the transfer of authorizations associated with international and wireless services. Any action on this domestic section 214 application is without prejudice to Commission action on other related, pending applications.

² Application at Attach. 1, p. 3.

³ *Id.*

⁴ *Id.*

⁵ *Id.* at Exh. 1 (attaching pre- and post-transaction organizational charts).

cease paying site commissions on interstate ICS unless and until new rules become effective to replace or supersede the Commission's prohibition of the payment of interstate site commissions."⁶

We deny Securus' request to impose a condition that is not related to the proposed transfer of control and that addresses a matter at issue in a rulemaking of general applicability. The issues Securus raises concerning ICS rates and practices with regard to the payment of site commissions are based on allegations of conduct by ICSolutions that do not directly arise from the transaction. According to Applicants, the purpose of this transaction, which involves the transfer of the company to a private equity investment firm that does not otherwise provide telecommunications services, is to facilitate the availability of additional capital.⁷ Further, Applicants state that ICSolutions will continue to provide services post-closing at the same rates and on the same terms and conditions as are currently in effect.⁸ Therefore, there is no reason to believe that the transaction will impact ICSolutions' practices with regard to ICS rates or site commissions. The Commission has been clear that transactions should not be denied or conditioned based on non-merger specific issues.⁹ In addition, we agree with Applicants that ICS rate setting issues and practices are best addressed in the Commission's pending industry-wide rulemaking proceeding on this subject.¹⁰ The public interest would be better served by addressing these matters as they apply to ICSolutions and all other ICS providers in that ongoing proceeding. Accordingly, we

⁶ Securus Comments at 1. Securus asserts that the Commission's *2013 Inmate Calling Order* found that site commissions, which are fees paid by ICS providers to correctional facilities or departments of corrections to win the exclusive right to provide inmate calling service, "are not recoverable through ICS rates, and therefore may not be passed on to inmates and their friends and families." *Id.* at 3 (citing *Rates for Interstate Inmate Calling Services*, Report and Order and Further Notice of Proposed Rulemaking, 28 FCC Rcd 14107, 14112-13, para. 7 (2013) (*2013 ICS Order*)). Securus maintains that ICSolutions has won two recent ICS contracts based on its promise to pay site commissions. Securus Comments at 5-6. It further asserts that ICSolutions currently pays site commissions on interstate calls to all of its existing correctional facility customers and speculates that it could only do so by recovering the funds through its interstate calling rates in violation of the *2013 ICS Order*. *Id.* at 7.

⁷ Application at Attach 1, p. 3-4.

⁸ *Id.* at 3.

⁹ See, e.g., *Verizon Communications, Inc. and America Móvil, S.A. de C.V., Application for Authority to Transfer Control of Telecomunicaciones de Puerto Rico*, WT Docket No. 07-43, Memorandum Opinion and Order and Declaratory Ruling, 22 FCC Rcd 6195, 6206-07, para. 25 (2007) (rejecting assertions that a transfer of control should be denied or conditioned based on non-merger-specific issues and finding that applicants were subject to existing requirements); *Verizon Communications Inc. and MCI, Inc. Applications for Approval of Transfer of Control*, Memorandum Opinion and Order, 20 FCC Rcd 18433, 18445, para. 19 (2005) (stating that the Commission will impose conditions "only to remedy harms that arise from the transaction (*i.e.*, transaction-specific harms) and that are related to the Commission's responsibilities under the Communications Act and related statutes," and thus "will not impose conditions to remedy pre-existing harms or harms that are unrelated to the transaction.").

¹⁰ Reply Comments at 2-7. Applicants assert that the payment of site commissions to correctional facilities is permissible under the terms of the Commission's *2015 ICS Order*. Reply Comments at 2-5 (citing *Rates for Interstate Inmate Calling Service*, Second Report and Order and Third Further Notice of Proposed Rulemaking, 30 FCC Rcd 12763 (2015) (*2015 ICS Order*)). In the *2015 ICS Order*, the Commission undertook comprehensive reform of the ICS marketplace. Among other actions, it established new rate caps that apply to both interstate and intrastate ICS calls, limited and capped ancillary services charges, and took other measures to ensure that ICS rates are fair, just, and reasonable. On March 7, 2016, the D.C. Circuit stayed two individual provisions of the Commission's ICS rules: 47 CFR § 64.6010 (setting caps on ICS calling rates that vary based on the size and type of facility being served) and 47 CFR § 64.6020(b)(2) (setting caps for single-call services). *Global Tel*Link v. FCC*, No. 15-1461 (D.C. Cir. Mar. 7, 2016) (*March 7 Order*). The *March 7 Order* left the *2015 ICS Order* and adopted rules undisturbed "in all other respects." *Id.* at 2.

decline to adopt the relief that Securus requests here.¹¹

Upon review of the record, we also find that the transaction is likely to result in certain public interest benefits, including increased capital resources available to Applicants to make service improvements and to better compete to provide telecommunications services to correctional facilities.¹² We recognize that there is a likelihood that a financially sound provider that has the requisite capital and management capability can provide service to benefit customers.

Accordingly, we find that grant of the Application will serve the public interest, convenience, and necessity. Pursuant to sections 4(i) and 214 of the Communications Act of 1934, as amended,¹³ and sections 0.291 of the Commission's rules,¹⁴ the Bureau, under delegated authority, approves the Application listed herein.

Pursuant to section 1.103 of the Commission's rules, the consent granted herein is effective upon the release of the Public Notice.¹⁵ Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules may be filed within 30 days of the date of this Public Notice.¹⁶ Should no petitions for reconsideration, applications for review, or petitions for judicial review be timely filed, the proceeding listed in this Public Notice shall be terminated, and the docket will be closed.

For further information, please contact Jodie May, (202) 418-0913, Competition Policy Division, Wireline Competition Bureau.

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¹¹ *Applications of Charter Communications, Inc., Time Warner Cable, Inc., and Advance/Newhouse Partnership For Consent to Assign or Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, FCC 16-59, para. 262 (May 10, 2016) (declining to impose conditions related to broader regulatory issues associated with navigation devices that were more appropriately addressed in the rulemaking context); *Applications Filed by Qwest Communications International, Inc. and CenturyTel, Inc.*, Memorandum Opinion and Order, 26 FCC Rcd 4194, 4203-04, para. 18 (2011) (declining to impose conditions relating to special access pricing that were better addressed in a current rulemaking).

¹² Application at Attach 1, p. 3.

¹³ 47 U.S.C. §§ 154(i), 214.

¹⁴ 47 CFR § 0.291.

¹⁵ 47 CFR § 1.103.

¹⁶ 47 CFR §§ 1.106, 1.115.